

EX PARTE OR LATE FILED

ORIGINAL

BARAFF, KOERNER, OLENDER & HOCHBERG, P. C.

ATTORNEYS AT LAW
5335 WISCONSIN AVENUE, N. W., SUITE 300
WASHINGTON, D. C. 20015-2003
(202) 686-3200

RECEIVED
FEB - 2 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

OF COUNSEL
ROBERT BENNETT LUBIC

FAX: (202) 686-8282

B. JAY BARAFF
ROBERT L. OLENDER
JAMES A. KOERNER
PHILIP R. HOCHBERG
MARK J. PALCHICK
JAMES E. MEYERS

DOCKET FILE COPY ORIGINAL

February 2, 1994

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

92-266

Dear Mr. Caton:

This is submitted to you in duplicate to report that on the afternoon of January 31, 1994, that representatives of Sammons Communications, Inc., met with Chairman Hundt and Merrill Spiegel, Maureen O'Connell of Commissioner Quello's office, James Olson from the Cable Television Bureau, and William Johnson from the Mass Media Bureau. Sammons comments were limited to the matters referenced in the attached letter to Chairman Hundt and two charts that were left with the Chairman and which are attached hereto. Essentially, Sammons' comments were in reference to concerns about press reports that the FCC intended to further lower the cable television benchmarks.

Kindly associate this correspondence and its attachments with MM Docket No. 92-266.

Please contact the undersigned if you have any questions.

Sincerely,

Mark J. Palchick

Mark J. Palchick
Counsel for
Sammons Communications, Inc.

MJP/mcl
Enclosures

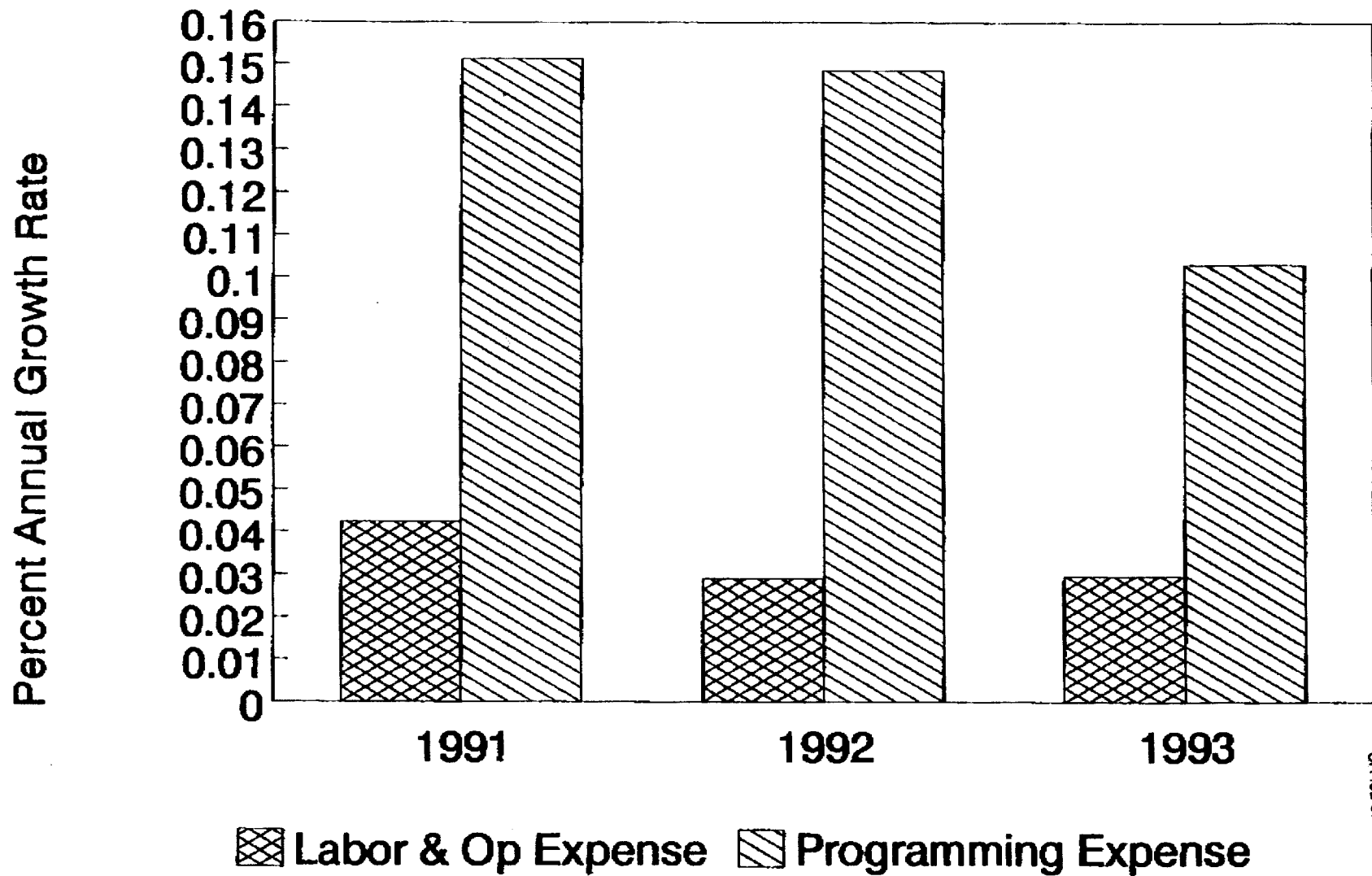
cc: Chairman Reed Hundt
Maureen O'Connell, Esq.
James Olson, Esq.
William Johnson, Esq.
Heather Kreager, Esq.

00887\caton.f2

No. of Copies rec'd
List ABCDE

041

Sammons Communications, Inc
Growth in Controllable Expenses per Sub
v.s.
Growth in Cable Programming Expense per Sub



FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

FEB - 2 1994

RECEIVED

P.4/5

FEB 02 '94 10:47AM SAMMONS COMMUNICATION INC.

Sammons Communications, Inc.
Rate Comparison to Benchmark

| System | Current Rates | | | Benchmark Rates | | | Total Rate Difference | Percent Rate Difference |
|---------------------|---------------|-------|-------|-----------------|-------|-------|-----------------------------|-------------------------------|
| | Lifeline | Tier | Total | Lifeline | Tier | Total | | |
| Bensalem | 7.79 | 10.08 | 17.87 | 9.13 | 11.41 | 20.54 | 2.67 | 14.94 % |
| Covington | 16.57 | | 16.57 | 18.84 | 0.00 | 18.84 | 2.27 | 13.72 |
| Dover | 8.59 | 10.46 | 19.05 | 8.92 | 10.79 | 19.71 | 0.66 | 3.47 |
| Dumas | 7.71 | 10.13 | 17.84 | 9.39 | 12.28 | 21.67 | 3.83 | 21.49 |
| Easton/Phillipsburg | 8.82 | 7.56 | 16.38 | 11.14 | 9.62 | 20.76 | 4.38 | 26.73 |
| Elk City | 7.07 | 9.76 | 16.83 | 9.07 | 11.75 | 20.81 | 3.98 | 23.66 |
| Fleetwood | 7.66 | 7.71 | 15.37 | 10.41 | 10.41 | 20.81 | 5.44 | 35.41 |
| Fort Worth | 10.70 | 8.42 | 19.12 | 11.87 | 9.01 | 20.88 | 1.76 | 9.22 |
| Glendale | 10.16 | 10.32 | 20.48 | 11.34 | 9.18 | 20.52 | 0.04 | 0.20 |
| Harrisburg | 8.11 | 10.21 | 18.32 | 9.39 | 11.90 | 21.29 | 2.97 | 16.24 |
| Jacksonville | 9.56 | 7.14 | 16.70 | 11.91 | 8.93 | 20.84 | 4.14 | 24.80 |
| Johnson City | 7.91 | 9.62 | 17.53 | 9.92 | 11.90 | 21.81 | 4.28 | 24.44 |
| Morristown | 7.77 | 8.37 | 16.14 | 9.77 | 10.21 | 19.98 | 3.84 | 23.77 |
| Natchez | 7.42 | 9.27 | 16.69 | 9.32 | 12.19 | 21.51 | 4.82 | 28.85 |
| New Albany | 7.74 | 11.91 | 19.65 | 8.49 | 12.12 | 20.61 | 0.96 | 4.89 |
| Park Cities | 12.14 | 11.67 | 23.81 | 10.96 | 10.38 | 21.34 | (2.47) | -10.36 |
| Pascagoula | 7.49 | 8.94 | 16.43 | 9.41 | 10.98 | 20.39 | 3.96 | 24.10 |
| Petersburg | 6.93 | 11.82 | 18.75 | 8.09 | 13.29 | 21.38 | 2.63 | 14.04 |
| Pleasantville | 8.84 | 11.13 | 19.97 | 9.83 | 9.63 | 19.46 | (0.51) | -2.54 |
| Turlock | 6.25 | 9.10 | 15.35 | 8.09 | 13.87 | 21.96 | 6.61 | 43.06 |
| Tuskegee | 7.64 | 10.05 | 17.69 | 9.45 | 11.17 | 20.61 | 2.92 | 16.53 |
| Vineland | 9.59 | 9.48 | 19.07 | 10.86 | 10.11 | 20.97 | 1.90 | 9.94 |
| Waterbury | 10.51 | 8.80 | 19.31 | 11.58 | 9.53 | 21.11 | 1.80 | 9.34 |

Note: These systems represent approximately 75% of Sammons subscribers.

The rates above do not include equipment charges which are equal to cost.

BARAFF, KOERNER, OLENDER & HOCHBERG, P. C.

ATTORNEYS AT LAW
5335 WISCONSIN AVENUE, N. W., SUITE 300
WASHINGTON, D. C. 20015-2003

(202) 686-3200

B. JAY BARAFF
ROBERT L. OLENDER
JAMES A. KOERNER
PHILIP R. HOCHBERG
MARK J. PALCHICK
JAMES E. MEYERS

OF COUNSEL
ROBERT BENNETT LUBIC

FAX: (202) 686-8282

January 26, 1994

Honorable Reed Hundt
Chairman, Federal Communications Commission
1919 M Street, NW, Room 814
Stop Code: 0101
Washington, D.C. 20554

Dear Mr. Chairman:

Mark Weber, president of Sammons Communication, would like the opportunity to meet with you, Merrill Spiegel, and Blair Levin to discuss the FCC's reconsideration of the cable benchmarks and the extension of the rate freeze that was reported in the January 24, 1994, Washington Post.

Sammons provides cable service to in excess of one million customers throughout the United States. In most areas its rates are below the benchmarks with many areas having rates that have been unchanged since February 1992. While Sammons believes the benchmarks are seriously flawed, it believes that the changes discussed in The Washington Post article would be consumer unfriendly, untimely and inconsistent with the Communications Act. These changes will have serious adverse effects on entrepreneurial companies like Sammons.

Since October 1992, cable subscribers have been on a roller coaster ride of hype, expectations, disappointments and confusing changes. The constant modification to the service delivered to customers, the manner in which they are billed and the information provided to them has caused them far greater consternation and concern than any resulting benefit. Since March, cable customers

- have been falsely promised that the '92 Amendments to the Cable Act guarantee that all cable bills will decrease;
- received notices that the broadcast stations they will receive over cable are likely to change;
- have seen their channel lineups substantially change;
- have had their cable bills substantially altered;
- lost cable program services to make room for must carry channels;

BARAFF, KOERNER, OLENDER & HOCHBERG, P. C.

Reed Hundt, Chairman

January 26, 1994

Page -2-

- lost broadcast services where TV stations demanded payment in excess of what the operator was capable of paying; and
- have been told that they were somehow cheated by the cable operator because of all of these changes.

Since the September 1, 1993 rate changes and the FCC's finding that over 2/3 of all cable bills decrease, consumer unrest and disenchantment have subsided considerably. It has been Sammons's experience, which has been further buttressed by recent events, that continuous changes in the cost, structure, or design of a customer's cable service will always increase customer dissatisfaction. A sea change in the benchmark rates at this time, prior to the first franchise authority's review of rates and prior to the FCC's first response to a complaint against cable programming rates, would therefore not benefit consumers.

This is not to say that the existing benchmarks are not in need of substantial modification. Sammons agrees with many of the commenters that the benchmarks are flawed because they fail to take into account costs, are based on a flawed sample and have failed to distinguish between competitive situations and price wars. However, the Commission does not presently have the necessary data that will allow it to set realistic benchmarks that meet the objectives of the '92 Cable Act. Sammons is aware that CATA has asked the Commission to conduct a new survey of cable operators to remedy the flaws in its current benchmark data. Sammons does not believe that the benchmarks can be legitimately revised until these new data are collected.

Sammons is currently caught in the vise of rapidly escalating programming costs and substantial commitments to upgrade its systems and the absolute inability to raise rates. Should the FCC further extend the freeze or order an across-the-board rate cut, the effect on Sammons will be devastating. Sammons also believes that such an action is contrary to the provisions of the '92 Cable Act and inconsistent with your statements concerning the need to protect entrepreneurs.

BARAFF, KOERNER, OLENDER & HOCHBERG, P. C.

Reed Hundt, Chairman

January 26, 1994

Page -3-

It is for this reason that Mark Weber wishes to meet with you, Blair Levin and Merrill Spiegel. If possible Mark would like the meeting to be either the afternoon of January 31 or the morning of February 2. I will call your office to verify an agreeable time.

Sincerely,

Mark J.

Mark J. Palchick

MJP/mcl

cc: Mark Weber

William Caton

saamons\hundt.j26